



Halton Catholic District School Board

Financial Statements

August 31, 1999

Balance Sheet

August 31, 1999 with comparative figures for 1998

Assets	1999	1998
Current assets:		
Cash	\$ 6,910,473	\$ 529,945
Accounts receivable:		
Local Government	6,358,544	14,411,392
Other	972,852	4,623,958
Prepaid expense	175,293	82,417
Other current assets	1,641,541	-
	<u>16,058,703</u>	<u>19,647,712</u>
Capital outlay to be recovered in future years	77,642,999	42,731,429
Other assets	68,624	117,416
	<u>\$ 93,770,326</u>	<u>\$ 62,496,557</u>
Liabilities and Equity in Reserve Funds		
Current liabilities:		
Bank and other short term borrowing (Note 3)	\$ 26,999,934	\$ 3,269,376
Accounts payable and accrued liabilities:		
Municipalities	26,459	-
Other	12,290,389	14,001,296
Other current liabilities	2,750,495	110,516
	<u>42,067,277</u>	<u>17,381,188</u>
Net long term liabilities (Note 4)	37,742,579	41,568,384
Reserve for working funds (Note 5)	3,756,195	1,600,000
Equity in reserve funds (Note 6)	9,633,892	1,386,620
Surplus at year end	570,383	560,365
	<u>\$ 93,770,326</u>	<u>\$ 62,496,557</u>

Approved on Behalf of the Board:

Frederick L. Sweeney, Director of Education James V. Sherlock, Chair of the Board
See accompanying notes to the financial statements.

Halton Catholic District School Board

Revenue Fund Statement of Operations

Year ended August 31, 1999

Expenditure:		
Classroom	\$ 72,863,858	
Non-classroom	20,531,511	
Administration	4,287,779	
Pupil transportation	4,059,484	
Pupil accommodation	21,945,861	
Other non-operating expenditure	67,733	
	<u>123,756,226</u>	
Recovery of expenditure:		
School boards - other	217,731	
Government of Ontario - other	32,048	
Government of Canada	638,735	
Individuals - tuition fees	390,771	
Other revenue (excluding transfers from reserves)	8,191,916	
	<u>9,471,201</u>	
Net expenditure	<u>\$114,285,025</u>	
Financing of net expenditure:		
Legislative grants	\$ 71,105,915	
Local taxes	54,380,267	
Increase in reserves	(11,191,139)	
Previous year-end accumulated surplus	560,365	
To be applied to the following year:		
Accumulated (surplus) at year-end	(570,383)	
Total financing	<u>\$114,285,025</u>	

See accompanying notes to the financial statements.

Halton Catholic District School Board

Capital Fund Statement of Operations

Year ended August 31, 1999

Capital expenditure:		
Capital assets and work in progress:		
New pupil places	\$ 23,835,559	
School renewal	12,935,225	
Non-instructional capital	272,423	
Site purchases	5,757,685	
Instructional computers	1,269,863	
Personalized special education equipment	55,489	
Other	479,214	
	<u>\$ 44,605,459</u>	
Capital financing:		
Balance at beginning of year not permanently financed	\$ (1,271,259)	
Capital expenditure financed from the revenue fund	5,971,326	
Balance at end of year not permanently financed	39,905,392	
Total capital financing	<u>\$ 44,605,459</u>	

See accompanying notes to the financial statements.

Notes to the Financial Statements

August 31, 1999

- Funding:**
Under the new funding model as implemented by the Ministry of Education and Training for Ontario School Boards effective September 1, 1998, there have been significant changes to expenditure classifications and reporting. The financing of these expenditures has also changed significantly. As a result of these changes, no comparative figures for the revenue fund statement of operations or capital fund statement of operations have been presented.
- Significant accounting policies:**
The financial statements have been prepared by the Board using accounting principles that are prescribed by the Ministry of Education and Training and are considered appropriate for Ontario School Boards. These principles are in accordance with generally accepted accounting principles except as follows:
 - Accrual accounting:**
Revenue and expenditures are accounted for on the accrual basis of accounting, with the following exceptions:
 - No provision is made for interest on unmatured debenture debt from the date of payment to the year end.
 - No provision is made to record the liability for retirement and/or sick leave benefits accruing over the working lives of employees.
 - Supplementary taxes and tax write-offs have not been accrued for 1999.
 - Capital assets:**
Capital assets are expensed unless they are financed by long term debt. Principal and interest charges on net long term liabilities are included as expenditures in the period due. Capital assets including capital leases, described as capital outlay to be recovered in future years, are included on the balance sheet only to the extent of the balance of the related net long term liabilities outstanding and of the related temporary financing at the year end.
 - Reserves and reserve funds:**
Reserves and reserve funds represent funds appropriated for general and specific purposes and are charged or credited to Revenue Fund Operations in the year appropriated or drawn down. The amounts in reserves and reserve funds are approved by the Board and are within the limits defined in the Education Act.
 - Accumulated surplus at year end:**
The difference between the net expenditures of any year and the amounts received to finance these expenditures is carried forward to the subsequent year to either increase or reduce the net revenue requirement.
- Bank and other short-term borrowing:**
Included in short-term borrowing are \$ 24,161,000 of short-term loans for capital projects. The interest rates thereon are at carrying rates below prime. The operating line of credit bears interest at prime rate less 1/2%.
- Net long term liabilities:**
Of the net long term liabilities outstanding at August 31, 1999 of \$ 38,195,722 principal amounting to \$ 22,978,268 plus interest amounting to \$ 13,476,256 is payable over the next five years as follows:

	Principal	Interest	Total
1998/1999	\$ 4,080,145	\$ 3,458,050	\$ 7,538,195
1999/2000	4,283,568	3,068,738	7,352,306
2001/2002	4,513,785	2,699,424	7,213,209
2002/2003	4,850,885	3,228,486	7,179,371
2003/2004	5,249,885	1,921,558	7,171,443
	<u>\$ 22,978,268</u>	<u>\$ 13,476,256</u>	<u>\$ 36,454,524</u>
- Debt charges and capital loan interest:**
The Revenue Fund expenditure for debt charges and capital loan interest included in pupil accommodation expenditure includes principal and interest payments as follows:

Principal payments on long term liabilities including contribution to sinking funds	\$ 3,649,847
Interest payments on long term liabilities	3,621,297
	<u>\$ 7,271,144</u>
- Reserve funds:**
 - Reserve for working funds:**
By Board resolution on November 2, 1999 the Board appropriated an additional \$ 2,091,000 to the Reserve for working funds.
 - Equity in reserve funds:**
At August 31, the reserve fund balances were as follows:

	1999	1998
Reserve for special education	\$ 200,000	\$ -
Reserve for pupil accommodation	4,385,486	-
Ministry equity capital reserve	-	1,386,620
Learning environment improvement capital reserve	533,753	-
Education development charge reserve	4,514,653	-
	<u>\$ 9,633,892</u>	<u>\$ 1,386,620</u>

The reserves for special education and pupil accommodation were established in accordance with Ministry of Education and Training regulations.

The learning environment improvement capital reserve is a combination of the energy savings and grants received. These funds will be used to fund the capital portion of these projects over the next 10 to 15 years.

The education development charge reserve relates to amount received pursuant to the Education Act and Board by-laws with respect thereto. Prior to August 30, 1999, in accordance with Ministry of Education and Training regulations, these funds were administered jointly with those of the Halton District School Board. For the year, \$ 2,395,821 of these reserve funds were utilized towards the purchase of new school sites for growth-related projects.

- Pension plan costs:**
All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System which is a multi-employer final average pay contributory plan. Employer contributions made to the plan during the year by the Board amount to \$ Nil due to a contribution holiday in effect until December 31, 2001. Annual contributions during the last full year of premium contributions in 1997 amounted to \$735,319. Not shown in the financial statements of the Board are the employer's contributions to the Teachers' Pension Plan. The funding for such is provided directly by the Provincial Government.

- Contractual obligations and contingencies:**

- Lease obligations:**

The Board has obligations under operating leases that require annual lease payments in the following amounts:

2000	\$ 1,154,198
2001	1,035,395
2002	809,029
2003	727,672
2004	680,000
	<u>\$ 4,406,294</u>

- Contractual obligations:**

The Board has the following obligations outstanding with respect to the building and reconstruction of new and existing schools as follows:

Sacred Heart of Jesus	\$ 1,253,000
St. Andrew	1,211,000
Mother Teresa	967,000
St. Patrick and Ascension	692,000
St. Francis of Assisi	232,000
Holy Rosary (Milton)	428,000
Notre Dame Secondary	250,000
Learning Environment Improvement Projects	2,223,500
	<u>\$ 7,256,500</u>

These contracts are expected to be completed during 1999/2000.

- Letters of credit:**

The Board was contingently liable under letters of credit issued to municipalities with respect to construction projects in the amount of \$ 2,598,000.

- Ontario School Board Insurance Exchange:**

Effective April 1, 1987, the Board joined the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability for the Board.

- Workers' compensation:**

On January 28, 1997, the Board received approval from the Workers' Compensation Board for a transfer out of Schedule 1 to become a Schedule 2, self-insured employer effective, January 1, 1994. As a result, the Board now directly assumes the cost of Workers' Compensation Board awards for its injured workers. An accrued liability of \$ 695,443 has been recorded as at August 31, 1999 to allow for potential charges that may be assessed by the Workers' Compensation Board for pending claims.

Effective February 28, 1996, the Board contracted third-party co-insurance coverage under which the Board receives reimbursement from the insurer for Workers' Compensation claim assessments over \$ 250,000 and less than \$ 10,000,000.

- Uncertainty due to the Year 2000 issue:**

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. These systems may not correctly calculate dates beyond 1999. If not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the Board, including those related to the efforts of its suppliers or other third parties will be fully resolved.

AUDITORS' REPORT

To the Trustees of The Halton Catholic District School Board

We have audited the balance sheet of the Halton Catholic District School Board as at August 31, 1999 and the Revenue Fund Statement of Operations and the Capital Fund Statement of Operations for the year then ended. These financial statements are the responsibility of the School Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 1999 and the results of its operations for the year ended in accordance with the accounting principles described in Note 2 to the financial statements.

Burlington, Ontario
November 29, 1999

Chartered Accountants